

**TO:** MTC Audit Committee  
**FROM:** Strategic Planning Project Teams  
**DATE:** February 26, 2013  
**SUBJECT:** Discussion Drafts – Audit Nominations; Early “No Change” Procedure

### Background

The MTC Strategic Planning Steering Committee charged our teams with two projects: streamline and revise the audit nominations process; and develop a procedure for MTC auditors to make a recommendation early in the audit process that no change be made for an audit issue or tax return.

Our teams have developed the attached discussion drafts for your review. We need your feedback to develop processes that will help improve the audit program.

### Audit Nominations

The Audit Nominations team has tried to streamline the nomination process. The discussion draft describes a process that will take no more than four months to complete. The discussion draft asks for information that the team believes will be more useful to the states in making nominations and voting on candidates. The team also believes that the revisions in the discussion draft should contribute to improvement in the quality of audit nominations and participation by the states.

### Early “No Change” Procedure

The Early “No Change” team has developed a new procedure that is intended to make better use of the MTC auditors’ time during audits. The draft describes the purpose for the procedure, when it can be used, how the auditor will get approval and how the states and taxpayer will be notified of use of the procedure.

### What we need from you

Please review the documents that accompany this memo before you attend the Audit Committee meeting in St. Louis on March 7. The committee agenda includes time for discussion of these projects. We need your feedback so that both projects will meet the needs of the states and the joint audit program. Members of the project teams will be attending the Audit Committee meeting to answer your questions and lead the discussion.

### Next Steps

After our discussion at the Audit Committee Meeting, the project teams will review the feedback, and revise the drafts. We will ask for comments again, before we propose to adopt or change anything.

### *Project Teams:*

Audit Nominations: Rick DeBano, WI; Lee Baerlocher, MT; Randy Tilley, ID; Les Koenig, MTC; Harold Jennings, MTC.

Early “No Change:” Frank Hales, UT; JA Cline, LA; Gene Walborn, MT; Cathy Felix, MTC; Steve Yang, MTC; Larry Shinder, MTC.